



Town of

AMHERST, Massachusetts

HUMAN RESOURCES DEPARTMENT
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March 17, 2009

TO: Laurence Shaffer, Town Manager, Amherst
Board of Selectmen, Town of Pelham
Amherst Pelham Regional School Committee

FROM: Kay Zlogar, Trust Manager

SUBJECT: Health Insurance Changes

The Insurance Advisory Committee met on Wednesday, March 11, 2009 and voted to recommend the following changes. To assist you in understanding these, I have included the "high points".

1. Make "core plan changes" so the co-pays are the same for all plans: \$15 office visit; \$50 Emergency Room; and prescriptions \$10/\$25/\$45.

- Co-pays are what the HMO plans currently have; these changes to the PPO plans will result in the group having the same co-pays across all plans;
- Require smaller increases in premiums – Blue Cross Blue Shield PPO will increase 5%. Harvard Pilgrim PPO will increase 1.3% (plan with most change in co-pays); and there will be a 1% increase in both of the HMO plans.
- While there will be no plan changes for the Medicare supplemental plans, we are able to reduce the premiums by 7% as a result of the reimbursement from Medicare for prescription drugs and the more predictable costs associated with the supplemental plans.
- The result of the changes is an approximately 1.2% overall increase. I have attached a breakdown of monthly costs based on the enrollment of March 1, 2009. In your budgeting, you will need to adjust for any changes you anticipate from that date.

2. Change the basic life insurance from \$2,000 to \$10,000 for active and retired employees.

- Funding for this substantial benefit increase will come from the savings in the changes being made to the health insurance co-pays and added to the above budget. Currently, the employer pays \$.54 per employee; the new per employee cost will be approximately \$3.40 per employee per month.

3. Recommend acceptance by the employers of Massachusetts General Laws, Chapter 32B, Section 18A requiring retirees turning age 65 to enroll in Medicare Parts A and B.

- This change in legislation has to be accepted by Town Meeting for Amherst and Pelham and by the Regional School Committee for the District.
- Enrollment requirements are prospective in nature having no effect on current retirees who may not have Medicare entitlement.
- Makes what the group has been "strongly encouraging" since the early 1990's (after Medicare reform) a requirement for future retirees.
- Between Medicare A & B and the supplemental plan, seniors receive slightly better benefits than the under 65 plans; are in the health care system in the manner that providers expect to provide services (decreasing "red tape"); and pay less in monthly premium charges.

While the IAC is comprised of representatives from the various unions/employee groups, their recommendations do not negate your employer obligations to bargain over the impact of the recommended changes with your unions.

Should there be any questions regarding this matter, or should you want to meet to discuss any of these changes, please feel free to contact me; my direct phone is 413-259-3123 and my email is ZlogarK@amherstma.gov.

cc: James J. Connors, Labor Consultant
Kathy Mazur, Schools Human Resources Director
Maria Geryk, Acting Superintendent of Schools
John Musante, Amherst Assistant Town Manager
Sonia Aldrich, Comptroller
Eunice Torres, Amherst Human Resources Director